

PUBLIC DISCLOSURE

MARCH 27, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

NORTHERN MA TELEPHONE WORKERS' COMMUNITY CREDIT UNION

40 MARKET STREET

LOWELL, MA 01852

DIVISION OF BANKS

1000 WASHINGTON STREET

BOSTON, MA 02118

NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.
--------------	--

TABLE OF CONTENTS

I.	General Information	1
II.	Institution Rating	
a.	Overall Rating	1
b.	Lending and Community Development Tests	1
III.	Institution	
a.	Scope	2
b.	Description of Institution	3
c.	Description of Assessment Area	4
d.	Conclusions with Respect to Performance Tests	7

GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (the “Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **NORTHERN MA TELEPHONE WORKERS’ COMMUNITY CREDIT UNION** (“NMTW” or the “Credit Union”), prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “High Satisfactory.”

The Credit Union was evaluated on its performance under the CRA utilizing the Intermediate Small Institution CRA Evaluation Procedures specified for institutions with assets under \$1 billion but over \$250 million, adjusted annually. A summary of the Credit Union’s performance is provided below. The rating of this institution is based upon the results of a review under the Lending and the Community Development Tests, as shown in the public evaluation. The Credit Union received a rating of “Satisfactory” under the Lending Test and “High Satisfactory” under the Community Development Test.

Lending Test

- The average loan-to-share ratio, 64.4%, is reasonable, given the Credit Union’s size, financial condition, and community needs.
- The majority, 72% by number, of the Credit Union’s lending reportable under the Home Mortgage Disclosure Act (“HMDA”) and consumer lending data is inside the assessment area.
- The Credit Union demonstrates an excellent penetration of lending to borrowers of different incomes. During the time period under review 36.1% of the Credit Union’s HMDA reportable loans were granted to low- and moderate-income borrowers. The performance under this criterion exceeded that of the aggregate in 2010, and grew in both proportion and number in 2011. For consumer lending, the Credit Union’s performance also exceeded area demographics.
- The geographic distribution of the Credit Union’s lending reflects a reasonable dispersion throughout the assessment area. HMDA lending patterns were comparable to aggregate performance and area demographics in 2010, and the number of originations in low- or moderate-income geographies maintained in 2011, even while total loan volume fell. As a result, 2011 lending performance exceeded area demographics. For consumer lending, the Credit Union’s record was generally consistent with the assessment area demographics.
- The Credit Union’s fair lending policies and procedures are considered reasonable and the Credit Union did not have any consumer complaints relating to CRA.

Community Development Test

The Credit Union provides a very good level of community development services to organizations within its assessment area. NMTW appears responsive to area needs through seminars, board involvement, and services geared toward low or moderate income members of the community. Additionally, the Credit Union has taken the initiative in developing relationships with other financial institutions and community development organizations in an attempt to meet community development needs of the area. Three community development loans were granted during the period reviewed. It is recognized that the Credit Union's ability to be involved in community development lending is limited by restrictions imposed by state and federal laws, and its by-laws. The level of charitable contributions served to augment the Credit Union's performance and therefore contributed to its overall rating. Consequently, the Credit Union's Community Development Test was found to be "High Satisfactory."

SCOPE OF EXAMINATION

Based upon the loan distribution as well as primary business focus of the institution, the data considered for this evaluation consisted of residential mortgages as reported under HMDA for 2010 and 2011. Demographic data of the assessment area is compared to the lending performance of both years. Additionally, aggregate loan data for 2010 was also included, for comparison to 2010 performance.

In addition to residential data, consumer lending performance was reviewed, as it still represented a significant portion of the loan portfolio. The evaluation for 2010 and 2011 was compared to demographics of the assessment area.

The Credit Union's Community Development activity was also evaluated for the time period since the previous evaluation dated Feb 11, 2008.

PERFORMANCE CONTEXT

Description of Institution

NMTW was incorporated as an industrial credit union chartered by the Commonwealth of Massachusetts in 1922. The Credit Union formerly serviced persons employed or formerly employed by certain communications companies as well as employees of businesses within the Commonwealth whose primary business was within the communications industry and families of such members. The Credit Union received permission in June of 2006 to amend its by-laws to expand the associations which qualify persons for membership. The amendment relative to membership eligibility proposed to add membership for those who live, work or attend school, as defined in the proposed by-law, within Middlesex County, Essex County, sixteen specified communities within Worcester County and nine specified communities within Norfolk County, Massachusetts, as well as specified communities within New Hampshire set out in the proposed by-law. In August of 2006, the Credit Union's membership voted on the change to a community charter. The Credit Union began acting on the charter change, and marketing itself as a community credit union during the first quarter of 2007.

At the time of the evaluation, the Credit Union's main branch is located at 87 Hale Street in Lowell, Massachusetts; the Credit Union's operations center is also located in Lowell, at 40 Market Street. In addition to its main branch and operations center, the Credit Union operates another branch in Lowell, a branch location in Danvers and a branch in Framingham, Massachusetts. The Credit Union's main branch is located in a moderate-income census tract and the operations center is located in a low-income census tract. The 900 Chelmsford Street, Lowell MA, branch location is in a moderate income census tract, and the branches located at 969 Concord Street, Framingham MA, and 110 Newbury Street, Danvers MA, are located in middle-income census tracts.

Since the previous examination, NMTW merged with Haverhill Credit Union in November 2011. In 2010, the Credit Union opened a branch in Haverhill, located within a middle income census tract.

The Credit Union offers a variety of products including various checking and savings accounts, first and second mortgages, home equity lines of credit, auto loans, student loans, as well as credit card products. The Credit Union's homepage, www.nmtw.org, offers 24-hour online services, which allows members to check balances, review account history, make bill payments, transfer funds between accounts and fill out Credit Union applications for consumer and mortgage loans.

NMTW faces a significant amount of competition. Within its assessment area, approximately 557 lenders are active throughout, including banks, mortgage lenders and other credit unions. In the immediate downtown Lowell area, where the Credit Union is headquartered, Enterprise Bank & Trust, Washington Savings Bank, Lowell Five Cents Savings Bank, and Jeanne D'Arc Credit Union also maintain a significant presence in both residential lending and community development projects. NMTW considers Jeanne D'Arc Credit Union and St. Mary's Credit Union among its primary competition for credit union members.

As of December 31, 2011, the Credit Union's assets totaled \$527,918.903. Total loans, as of this date were \$266,712,344, or 50.5 percent, of total assets. First mortgage loans and other Real Estate Secured Lines of Credit represented the majority (79.1 percent) of the Credit Union's loan portfolio. The second largest segment of the Credit Union's loan portfolio was unsecured credit card loans, which account for 8.8 percent.

Refer to the following table for the distribution of the Credit Union's loan portfolio.

Table 1		
Loan Distribution as of December 31, 2011		
Loan Type	Dollar Amount \$(000's)	Percent
Residential First Mortgages	178,168	66.8
Other Real Estate Loans/Lines of Credit	32,702	12.3
Unsecured Credit Card Loans	23,516	8.8
Used Vehicle Loans	14,784	8.2
New Vehicle Loans	6,538	5.5
Other Unsecured Loans/ Lines of Credit	6,236	2.3
Other Loans/ Lines of Credit	4,768	1.8
Less: Allowance for loan & Lease Losses	(3,189)	
TOTAL LOANS & LEASES	266,712	100.0

Source: December 31, 2011 Statement of Financial Condition

There are no significant financial or legal impediments which limit the Credit Union's ability to help meet the credit needs of its assessment area.

The Credit Union was last examined for compliance for the CRA by the Division on February 11, 2008. The examination assigned an overall CRA rating of "High Satisfactory."

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Division evaluates the institution's CRA performance based upon the defined assessment area.

As mentioned previously, the Credit Union formerly operated as an industrial credit union. According to the regulation, an industrial credit union which does not define its membership according to residence, may identify its membership as its assessment area. During the previous evaluation, the Credit Union's assessment area was identified in this manner. Currently, NMTW is operating as a community credit union, with its membership defined as those who live, work or attend school in specified communities within Massachusetts and New Hampshire. As such, the Credit Union has redefined its assessment area. According to the regulation, an assessment area should consist of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.

The Credit Union has designated all of Middlesex County and Essex County, Massachusetts, as its assessment area. Middlesex County is located in the Cambridge-Newton-Framingham, MA MD, and Essex County is located in the Essex County, MA MD. As a result of the recent merger

and the new branch, the Credit Union has expanded the assessment area to include the New Hampshire municipalities of Atkinson, Pelham, Plaistow, Newton and Salem. The assessment area contains a total of 93 cities and towns.

The following table contains the demographics of the assessment area in greater detail.

Table 2 Assessment Area Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	464	6.5	21.5	48.5	23.5
Population by Geography	2,246,055	4.3	20.7	50.1	24.9
Owner-Occupied Housing by Geography	538,432	1.1	13.2	55.1	30.6
Family Distribution by Income Level	565,701	19.6	17.9	22.6	39.9
Distribution of Low- and moderate-income Families throughout AA Geographies	212,426	7.6	30.4	48.1	13.9
HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$93,429 7.7%	Median Housing Value Unemployment Rate (2011 BLS)	\$242,885 6.1%	
<i>Source: 2000 US Census, 2011 HUD updated Median Family Income</i>					

Population

The total population of NMTW's assessment area is 2,246,055. The total number of households, which make up this population, is 857,631 of which 33,011 households or 3.8 percent are located within low- and moderate-income tracts.

Out of the 565,701 households that are families, 37.5 percent of families fall into the low- or moderate-income category. Seven percent of the households have income below the poverty level. The moderate poverty level compared to the demographic of low- and moderate-income families within the area demonstrates a significant portion of the population that may qualify as creditworthy borrowers.

Housing

There are a total of 538,432 housing units in the assessment area. Of the total units, 60.8 percent are owner-occupied, 36 percent are rental and 3.2 percent are vacant. Approximately 14.3 percent of all owner occupied units are located within low- and moderate-income census tracts.

Additional information provided from The Warren Group estimates the median housing sales price within Middlesex and Essex Counties (data was not available for NH municipalities) during 2011 at \$314,000. The sales price has remained relatively stable since the previous exam, the exception being a drop to \$301,325 in 2009. Additionally, the median county sales price consistently trends above the median statewide sales price, from which one can infer a relatively expensive area for housing.

Economy/Employment

According to December 2011 data from the Bureau of Labor Statistics, the projected unemployment rate within the assessment area was 6.1 percent. The overall state level of unemployment in December was approximately 6.8 percent, from which it can be derived that the area has a moderate level of unemployment relative to the rest of the state.

Community Contact

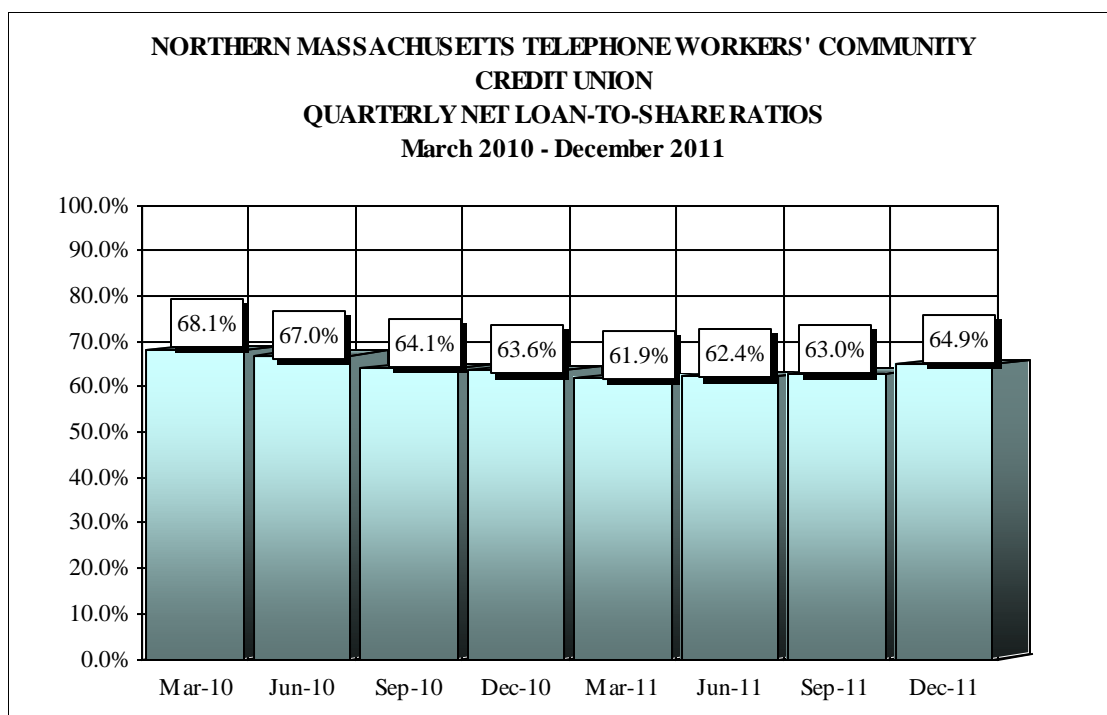
A community contact was conducted in conjunction with this examination. The contact stressed the need for affordable housing and home loans for low- and moderate-income members of the community. The contact appeared pleased with the offerings of technical assistance and financial literacy from local financial institutions to small businesses and individuals. The organization would like to see more financial institutions take part in micro-lending programs to start up businesses. The contact also stated that many individuals with very low-incomes are unable to open a bank account due to prior credit history and the contact would like to see more products for those individuals to help them save money (e.g. IDA accounts) and build credit.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

1. LOAN-TO-SHARE (“LTS”) ANALYSIS

This performance criterion determines what percentage of the Credit Union’s deposit base is reinvested in the form of loans. The average quarterly LTS ratio determined for the period from March 2010 to December 2011 is 64.4 percent. This ratio was determined by averaging the quarterly net LTS ratios derived from the 8 consolidated Reports of Condition and Income filed during the period from March 31, 2010, through December 31, 2011. Since the previous evaluation, the Credit Union’s LTS ratio has fluctuated down from March 2010 to March 2011, (68.1 percent to 61.9 percent) and since then has displayed an upward trend. The fluctuations appear attributable to both increasing member shares and decreasing deposits in equal proportion.



Source: 5300 Reports

Not reflected in the Credit Union’s net LTS ratio is the volume of loans it has sold on the secondary market. Approximately \$48,430,000 in loans was sold in 2010 and \$30,894,724 in 2011, representing a significant portion of the loan volume. Loans originated but sold during an evaluation period help to meet the credit needs of a community, but are not reflected in the LTS ratios since the loans do not remain on the Credit Union’s balance sheet. The sale of residential loans enables the Credit Union to “recycle” its funds and originate additional loans with the proceeds from the sales. The LTS ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs.

Additionally, the NMTW’s average net LTS ratio is compared with similarly-situated institutions. The Credit Union’s net LTS ratio is higher than one similarly-situated institution and lower than two other institutions. As shown in Table 3, the three other institutions’ average net LTS ratios ranged from 62.9 percent to 89.3 percent.

Table 3 Net Loan-to-Share Ratios		
Institution	Average Net LTS Ratio	Assets at 12/31/2011 (\$000)
Jeanne D'Arc Credit Union	62.9%	922,215
NMTW	64.4%	527,919
St. Mary's Credit Union	73.4%	593,786
Metro Credit Union	89.3%	957,923

Source: 5300 Reports

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion determines what percentage of the Credit Union's lending occurs within the Credit Union's assessment area and evaluates its appropriateness. Based on a review of the Credit Union's home mortgage data and the consumer loans data, a majority of the Credit Union's lending activity occurs within the assessment area. Refer to Table 4 for the distribution of loans inside and outside the assessment area.

For this performance criterion, NMTW's HMDA Loan Application Registers (LARs) and consumer loans were reviewed to determine the number and dollar amount of loans extended within the assessment area. For calendar years 2010 and 2011, the Credit Union originated 3,926 loans totaling approximately \$187.6 million. Of these loans, 2,826 or 72.0 percent were originated inside the Credit Union's assessment area totaling approximately \$131.3 million or 70.0 percent by dollar amount.

Table 4 Distribution of Loans Inside and Outside of the Assessment Area										
Loan Category or Type	Number of Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2010 HMDA Loans										
Home Purchase	23	59.0	16	41.0	39	4,762	60.3	3,130	39.7	7,892
Refinance	235	70.8	97	29.2	332	46,144	69.7	20,088	30.3	66,232
2010 HMDA Loans Total	258	69.5	113	30.5	371	50,906	68.7	23,218	31.3	74,124
2011 HMDA Loans										
Home Purchase	26	60.5	17	39.5	43	5,171	58.0	3,744	42	8,915
Refinance	172	70.5	72	29.5	244	32,704	68.2	14,962	31.8	47,036
2011 HMDA Loans Total	198	69.0	89	31.0	287	37,875	67.7	18,076	32.3	55,951
HMDA Loans Total	456	69.3	202	30.7	658	88,781	68.3	41,294	31.7	130,075
2010 Consumer Loans	1,230	73.2	451	26.8	1,681	23,974	75.0	7,985	25.0	31,959
2011 Consumer Loans	1,140	71.8	447	28.2	1,587	18,574	72.6	7,002	27.4	25,576
Consumer Loans Total	2,370	72.5	898	27.5	3,268	42,548	74.0	14,987	26.0	57,535
Grand Total	2,826	72.0	1,100	28.0	3,926	131,329	70.0	56,281	30.0	187,610
Source: 2010 and 2011 Bank HMDA LARs , and 2010 and 2011 Bank Consumer Loan Data										

Residential Lending

As noted in Table 5, a majority of home mortgage loans by number and dollar volume were extended inside the assessment area. The Credit Union's home mortgage lending activity shows a decreasing trend from 2010 to 2011 as loans decreased by 22.6 percent. The source of the decrease appears in refinance originations, which fell by 63 loans from 2010 to 2011. These figures are indicative of the overall decrease in need to refinance following the activity in 2010. There was a heavy flow of refinances during 2010 due to rate drops, which may have limited the activity of refinances in 2011.

Consumer Lending

A majority of consumer loans were also extended within the assessment area, by number and dollar amount. From 2010 to 2011, there was a 7.2 percent decrease in originations. While relatively flat, this correlates with the Credit Union's strategy of increasing focus on residential lending.

Given the majority of the Credit Union's lending is inside the assessment area, the Credit Union's performance demonstrates a reasonable level of lending within the assessment area.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of loans by borrower income was reviewed to determine the extent to which the Credit Union is addressing the assessment area's credit needs.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Residential Lending

Refer to the table below for specific data on the borrower distribution of home mortgage loans within the assessment area compared to total families by income level and/or aggregate lending data for 2010 and 2011.

Table 5 - Distribution of HMDA Loans by Borrower Income Category								
Borrower Income Level	% of Families within the Inc. Category	2010		2010 Aggregate Lending Data (%)	2011		Total	
		#	%		#	%	#	%
Low	19.6	21	8.3	5.2	27	13.8	48	10.7
Moderate	17.9	52	20.6	17.6	62	31.6	114	25.4
Middle	22.6	98	38.7	27.9	57	29.1	155	34.5
Upper	39.9	82	32.4	49.2	50	25.5	132	29.0
Total*	100.0	253	100.0	100.0	196	100.0	449	100

*Source: 2010 and 2011 Bank HMDA LARs. Excludes Borrower NA category

As reflected in the table above, the Credit Union extended 8.3 percent of home mortgage loans to low income borrowers in 2010. The Credit Union's low-income borrower lending performance exceeds the performance of the aggregate.

In 2011, the Credit Union's lending to low-income borrowers increased to 13.8 percent of total loans. Although the Credit Union's total volume in loans declined, the amount of lending to low-income borrowers increased, resulting in the higher proportion.

In 2010, the Credit Union originated 20.6 percent of its home mortgage loans to moderate-income borrowers. This performance is higher than the aggregate lenders' performance, which shows that 17.6 percent of reportable home mortgage loans were extended to moderate-income borrowers within the assessment area. The Credit Union's proportion of originations to moderate-income borrowers, at 20.6 percent, is also above the distribution of moderate-income families in assessment area, at 17.9 percent.

In 2011, NMTW's lending to moderate-income borrowers increased to 31.6 percent of total loans originated. Although the Credit Union's volume in loans declined, lending to moderate-income borrowers increased. This performance exceeds the distribution of moderate income families in the assessment area, at 17.9 percent.

Consumer Lending

Refer to Table 6 specific data on the borrower distribution of consumer loans for 2010 and 2011 within the assessment area compared to total households by income level.

Table 6 - Distribution of Consumer Loans by Borrower Income Category							
Borrower Income Level	% of Households within the Inc. Category	2010		2011		Total	
		#	%	#	%	#	%
Low	21.5	329	27.2	333	30.3	48	28.7
Moderate	14.9	357	29.5	286	26.0	114	27.8
Middle	18.3	312	25.8	287	26.1	155	25.9
Upper	45.3	213	17.5	192	17.5	132	17.5
Total*	100.0	253	100.0	196	100.0	449	100

**Source: 2010 and 2011 Consumer loan data collection.*

As reflected in the table above, the Credit Union extended 28.7 percent of consumer loans to low-income borrowers in 2010 and 2011. This performance is above the percentage of low-income households in the assessment area at 21.5 percent. With regards to moderate-income borrowers, 27.8 percent of the Credit Union's consumer loans were extended to people within this income category during 2010 and 2011. This exceeds the proportion of moderate income households in the area, at 14.9 percent.

From 2010 to 2011, the level of lending to low-income borrowers increased in proportion from 27.2 percent to 30.3 percent, a combined result of lower overall 2011 loan volume and a slightly higher concentration of lending to the low-income category. For moderate-income borrowers, the proportion and number of loans distributed within the income decreased, from 29.5 to 26.0 percent.

Overall, given the significant competition and characteristics of the area, as well as the needs of the area as highlighted by the community contact, the Credit Union demonstrates an excellent penetration of lending to borrowers of different incomes.

4. GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to assess how well the Credit Union is addressing the credit needs throughout the assessment area. As shown in the Table 2, 6.5 percent of the census tracts in the area are designated as low-income; 21.6 percent of census tracts are moderate-income; 48.5 percent are middle-income; and 23.5 percent are upper-income. The geographic distribution is based on the review of the 2010 and 2011 HMDA LARs, as well as 2010 and 2011 consumer lending data.

Residential Lending

The following table shows, by number, the geographic distribution of HMDA reportable loans within low, moderate, middle and upper-income census tracts in comparison to the aggregate lending data and the percentage of total owner-occupied units within the assessment area in each respective census tract income category.

Table 7 - Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% of Owner- Occupied Housing Units	2010		2010 Aggregate Lending Data (%)	2011		Total	
		#	%		#	%	#	%
Low	1.1	2	0.8	0.9	3	1.5	5	1.1
Moderate	13.2	29	11.2	10.6	28	14.1	57	12.5
Middle	55.1	175	67.8	51.6	129	65.2	304	66.7
Upper	30.6	52	20.2	36.9	38	19.2	90	19.7
Total*	100.0	258	100.0	100.0	198	100.0	456	100

*Source: 2010 and 2011 Bank HMDA LARs.

As reflected in the table above, the Credit Union extended 0.8 percent of mortgage loans to low-income census tracts during 2010. The Credit Union's low-income census tract lending performance at 0.8 percent is comparable to the aggregate lenders' low-income census tract lending performance of 0.9 percent. The Credit Union's proportion of loans originated in the low-income census tract is lower than, but generally consistent with the proportion of owner-occupied housing units in the low-income census tract, at 1.1 percent.

In 2011, the Credit Union's lending within low-income census tracts increased to 1.5 percent of total loans. Although the overall volume of loans decreased since 2010, the Credit Union has maintained its volume of loans to borrowers within low-income census tracts. Also, the Credit Union's proportion of low-income census tract originations in 2011 exceeded the distribution of owner occupied housing within the low income census tracts in the assessment area, at 1.1 percent.

In 2010, the Credit Union originated 11.2 percent of its mortgage loans to moderate-income census tracts. The performance is consistent with the aggregate lenders' performance which displays that 10.6 percent of mortgage loans were extended to owner-occupied housing units within the moderate-income census tracts.

In 2011, the Credit Union's lending to moderate-income census tracts increased to 14.1 percent of total loans. Again, the Credit Union was able to maintain its proportion of lending to borrowers in this area despite the decrease in loan volume. The Credit Union's proportion of originations to moderate-income census tracts exceeded the distribution of moderate income families in the assessment area, at 13.2 percent.

Consumer Lending

The following table shows, by number, the geographic distribution of consumer loans within low, moderate, middle and upper-income census tracts in comparison to the percentage of total households within the assessment area in each respective census tract income category.

Table 8 - Distribution of HMDA Loans by Income Category of the Census Tract							
Census Tract Income Level	% of Households within each tract	2010		2011		Total	
		#	%	#	%	#	%
Low	3.8	48	3.9	40	3.5	88	3.7
Moderate	21.4	216	17.6	197	17.3	413	17.4
Middle	51.4	772	52.7	716	52.8	1,488	62.8
Upper	23.4	194	15.8	187	16.4	381	16.1
Total*	100.0	1,230	100.0	1,140	100.0	2,370	100

**Source: 2010 and 2011 Consumer loan data collection.*

As reflected in the table above, the Credit Union extended 3.7 percent of mortgage loans within low-income census tracts during 2010 and 2011. The Credit Union's low-income census tract lending performance at 3.7 percent is consistent with the proportion of households in the low-income census tract, at 3.8 percent. The proportion of lending within the census tracts fell slightly from 2010 to 2011, 3.9 to 3.5 percent respectively, which corroborates with the institution's increased focus on residential lending.

Within moderate-income census tracts the Credit Union extended 17.4 percent of mortgage loans to moderate-income census tracts during 2010 and 2011. The Credit Union's moderate-income census tract lending performance at 17.4 percent is lower, but comparable with the proportion of households in the same areas, at 21.4 percent. The proportion of lending within the areas remained consistent from 2010 to 2011, 17.6 to 17.3 percent respectively.

Based upon the size of the institution relative to its assessment area and significant competition, and in comparison to aggregate lending data where appropriate and demographics of the area, the geographic distribution of HMDA reportable loans reflects good geographic dispersion.

5. RESPONSE TO COMPLAINTS AND FAIR LENDING POLICIES AND PROCEDURES

The Division provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

Based upon the review of the Credit Union's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. There are established policies and procedures for receiving and addressing complaints.

MINORITY APPLICATION FLOW

The purpose of the minority application flow is to assess the number of HMDA-reportable applications the Credit Union received from minorities within their delineated assessment area. The data analyzed was obtained from the HMDA LAR for 2010 and 2011. In addition, the 2010 HMDA LAR aggregate data was analyzed in order to measure the Credit Union's performance relative to all other lenders within the assessment area. The Credit Union's minority application flow for this period was also compared with the racial make-up of the assessment area. The comparison of this data assists in deriving reasonable expectations for the institution's minority application flow.

According to 2000 Census Data, the Credit Union's assessment area contained a total population of 2,246,055 individuals, 16.3 percent of which is representative of various racial and ethnic minorities. The breakout of the assessment areas minority population is as follows: 6.6 percent Hispanic, 2.7 percent Black, 4.9 percent Asian, 0.1 percent American Indian/ Alaska Native and 2.0 percent "other race."

During 2010, NMTW received 4 minority applications, 3 of which were originated. For 2011, NMTW received 11 applications, 7 of which were originated. The minority application flow is detailed in the table below and the subsequent narrative.

Table 9: MINORITY APPLICATION FLOW							
RACE	Credit Union 2010		2010 Aggregate Data	Credit Union 2011		Credit Union TOTAL	
	#	%	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	1	0.3	0.1	1	0.3	2	0.3
<i>Asian</i>	2	0.7	6.7	4	1.4	6	1.0
<i>Black/ African American</i>	1	0.3	0.9	5	1.7	6	1.0
<i>Hawaiian/Pac Isl.</i>	0	0.0	0.1	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	0	0.0	1.2	1	0.3	1	0.2
Total Minority	4	1.3	9.0	11	3.7	15	2.5
<i>White</i>	114	36.9	69.6	211	72.0	325	54.0
<i>Race Not Available</i>	191	61.8	21.4	71	24.3	262	43.5
Total	309	100.0	100.0	293	100.0	602	100.0
ETHNICITY							
<i>Hispanic or Latino</i>	1	0.3	2.3	2	0.7	3	0.5
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	2	0.7	0.8	1	0.3	3	0.5
<i>Not Hispanic or Latino</i>	96	31.1	75.3	216	73.7	312	51.8
<i>Ethnicity Not Available</i>	210	67.9	21.6	74	25.3	284	47.2
Total	309	100.0	100.0	293	100.0	602	100.0

Source: US Census, HMDA LAR, HMDA Aggregate Data

The percentage of applications the Credit Union received from minority individuals was below the minority composition of the assessment area for both years, and below the aggregate level of loan applications in 2010. This appears to be a result of the government monitoring collection patterns of the institution, as an inordinately high amount of the 2010 applications are coded as "not available." However, from 2010 to of 2011, the Credit Union increased its proportion of minority applications from 1.3 to 3.7 percent while experiencing a significant decrease in the number of applications for which race information was not available. Regarding ethnicity, the Credit Union's 2010 performance is below that of aggregate applications, and performance between 2010 and 2011 is comparable.

COMMUNITY DEVELOPMENT TEST

NMTW is rated “High Satisfactory” in the Community Development Test.

The overall community development performance demonstrates very good responsiveness to the community development needs of its assessment area(s) through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities within the assessment area. The Credit Union has met these community development needs primarily through the provision of community development services.

Opportunities to extend community development loans, investments, and services are evidenced through an analysis of demographic information, which shows that nearly 38 percent of the assessment area’s families are categorized as low- or moderate-income. Additionally, the needs identified by the community contact include the following: providing affordable housing financing, grants to local community development corporations and other community-based groups; financial literacy training and technical assistance for small businesses.

Community Development Lending

For purposes of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Credit Union for consideration under small business or home mortgage lending (unless it is a multi-family dwelling loan), and (3) benefits the Credit Union’s assessment area or a broader statewide or regional area that includes the Credit Union’s assessment area.

During the evaluation period, NMTW originated three qualified community development loans for a total of \$330,000. The loans are as described below:

- In 2009, a commercial loan for \$120,000 was originated to help the building and renovations of a sports bar and grill restaurant located in Haverhill, MA. The loan was used to help conduct the transition from a bar to a restaurant/bar. The contribution to this start-up company will help bring a number of new jobs to a low income area.
- A loan for \$200,000 was originated to the Lowell Plan’s Energy Efficiency and Conservation Loan Program in 2011. The purpose of this fund is to offer low interest loans provided from local banks and credit unions to local businesses in a low income area. The use of this program allows businesses throughout Downtown Lowell to renovate their buildings to be more energy efficient, which will in turn result in more economic efficiency. For example, in June of 2011, a local social service organization geared toward development of employment skills for youth began an extensive renovation project to increase the number of enrollments in the program.
- A loan for \$10,000 was originated on behalf of a local community organization focused on Elder services. The purpose of the loan was working capital, and it was originated in 2012.

Qualified Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, membership share, or grant that has community development as its primary purpose. The evaluation considered (1) investment and grant activity, (2) the responsiveness to credit and community development needs, and (3) community development initiatives.

The Credit Union funded 95 qualified grants and donations during the assessment period, for a total of \$122,473. No qualified equity investments were made. Donations were made primarily to agencies performing services to low- and moderate-income members of the community. Table 10 below details the Credit Union's community development donations by community development purpose category:

Table 10											
Community Development Grants											
Community Development Category	2008		2009		2010		2011		2012		Total
	#	\$	#	\$	#	\$	#	\$	#	\$	#
Affordable Housing	1	1,700	1	100	2	1,500	0	0.0	0	0.0	4
Community Services	9	12,405	12	21,120	26	19,379	34	44,769	4	900	85
Economic Development	2	6,000	2	5,500	1	5,000	1	5,000	0	0.0	6
Total	12	19,821	15	26,620	29	25,879	35	49,769	4	900	95

NMTW's qualified donations represent approximately 6.4 percent of the Credit Union's net operating income during the evaluation period. The following are a sample of the organizations benefiting from the Credit Union's qualified donations during the evaluation period:

- The Boys and Girls Club of Greater Lowell: The area Boys and Girls Club provides a traditionally underserved portion of the community with a variety of affordable social service programs, ranging from academic assistance and health and wellness seminars, to job training and financial literacy. Donations and contributions are directed towards financial assistance for those that have a demonstrated need, so no members of the community are turned away.
- Manolis Family Foundation (MFF): The mission of this organization is to support low- and moderate-income people through food, financial aid and scholarships. MFF is helping families move toward economic and social independence by means of donations from individuals, other social organizations, and local businesses.
- Healing Abuse Working for Change (HAWC): A domestic violence prevention and social service organization, HAWC provides support, education, and transitional services to victims of domestic violence throughout the North Shore. According to the organization, the majority of clientele fall within the low to moderate income levels.
- The Lowell Plan: An economic development organization, the Lowell Plan's mission is to reinvigorate local businesses throughout the area. Through the renovation of buildings in downtown Lowell, creation of chambers of commerce, as well as development of homeownership incentive plans, the Lowell Plan focuses its efforts on realizing the economic potential of the Lowell area.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services and assistance. Listed below are the community development services provided by the Credit Union.

Officer and Employee Involvement

Officers and employees of the Credit Union are involved in a number of community development and non-profit organizations, as itemized in the following table.

Table 10	
Community Development Employee Involvement	
<i>Community Development Category</i>	
Promote Economic Development	5
Community Services Targeted to Low- and Moderate-Income	15
Total	20

Several examples of such Credit Union Employee involvement are included below:

- **The Lowell Plan:** As mentioned above, The Lowell Plan is an economic development organization whose mission is to reinvigorate local businesses throughout the area. The Credit Union's Vice President of Economic Development sits on the Board of Directors.
- **Elder Services of Merrimack Valley:** A non-profit Area Aging Council, Elder Services provides numerous programs to a particularly vulnerable segment of the community. The Credit Union's Vice President of Economic Development sits on the Money Advisory Council, and The Vice President of Accounting acts as a Money Manager, assisting an elder with basic financial tasks such as check writing, bill paying, and budgeting.
- **Greater Lowell Small Business Assistance Center:** A part of the Social Service organization *Community Teamwork Inc*, the Small Business Assistance Center is established to help a diverse group of entrepreneurs thrive in a competitive and challenging environment. The organization provides business plan assistance, counseling, and even workshops and trainings, to support businesses of smaller sizes. The Vice President of Business Development is a member of the Board of Directors.

Educational Seminars/Programs

In addition to the involvement of the Credit Union's officers and employees in the above-mentioned organizations, the Credit Union provided information on the following community development services.

- **Boys and Girls Club – Money Matters:** The Goal of this program is to help members of the organization develop basic financial literacy skills. Administered in partnership with NMTW, topics include how to form a budget, balance a checkbook, and save for the future. The CRA Officer coordinates the program, and the Vice President of Marketing is an instructor. Several sessions of this program are provided on an annual basis.

- Community Teamwork Inc – Financial Literacy Academy: The CRA Officer of the Credit Union led a seven week course primarily for low- and moderate-income individuals. Topics covered included basic banking skills, information regarding credit cards and building one's credit, and information before purchasing a home. This course was conducted in 2011.
- Community Teamwork Inc – YouthBuild: A six week course for teens aged 17-24 who have dropped out of school. YouthBuild offers GED preparation, job training, and basic financial literacy. The Hale St Branch Manager volunteered as an instructor for the financial planning aspect of the curriculum.
- First Time Homebuyers: The Credit Union has held 5 First Time Homebuyer Seminars in each year under review. The seminars are held at each branch location. Topics included credit history, appraisals, real estate and closings. Each seminar included four guest speakers who had expertise on the topics covered.

Other Programs and Partnerships

The Credit Union has initiated some partnerships with specific financial institutions and community organizations which also receive consideration as community development.

- Lowell Firefighters Credit Union: NMTW has provided technical assistance to Lowell Firefighters Credit Union in several areas in an effort to promote economic development in the area. The CFO of NMTW has coordinated with the Lowell Firefighter CEO for strategy or assistance with Safety and Soundness. The Vice President of Community Development (Former Compliance and BSA Officer) has offered BSA training to the Lowell Firefighter Credit Union's Board of Directors and Staff, and plans are in place to pass these training duties on to the current NMTW BSA Officer.
- Homeowner Options for Massachusetts Elders (HOME): The primary mission of HOME is to conserve and protect the equity of low- and moderate-income elderly homeowners so they can remain in their residence with as much financial security as possible. Through a combination of counseling, education, foreclosure prevention methods, and as a last result short term financing, the offices of HOME provide their services throughout the state of Massachusetts.

In recent years, NMTW has taken the initiative in developing an ongoing relationship with HOME. In addition to being a community lender which coordinates with HOME in strategies to prevent displacement of elderly residents, the President and CEO of NMTW also advocates on behalf of HOME to other financial institutions, strengthening relationships and even raising committed funds to keep the program operational. Additionally, NMTW has offered the second floor of its Hale Street branch as its main office. The office is provided free of charge as well as any services available to credit union employees (free parking, break room etc.)

Other Community Development Related Activities:

- Home Loan Payment Relief Program (HLPR Program): Although the Credit Union has not made a limited number of community development loans, a number of originations have community development as their primary purpose. The Credit Union originates a

number of loans under a specified program targeted towards first time homebuyers of modest means. The loan originations are included in the analysis of HMDA reportable loan originations under the lending portion of this evaluation. While the regulation does not allow for community development lending credit for these loans, the originations are noteworthy. The Credit Union committed \$3,000,000 to participate in the HLPR Program. The HLPR Program is sponsored by the Credit Union National Association (CUNA). CUNA requires participating credit unions offer certain mortgage products with specified rates and fees. To participate in the program, CUNA suggests a commitment amount for the program of between 0.5% and 0.75% of assets per year. The purpose of the program is to allow first-time homebuyers and buyers of modest means to obtain low-rate mortgages with affordable monthly payments. Since the previous evaluation, the Credit Union has originated 4 loans, totaling \$711,500, under the HLPR Program.

- CD “Credit Builder” Program: A special program for members with no established credit, this Credit Builder allows members to “pay off” a loan before receiving the principal balance. Once the payments have been made over a specified period of time, the member receives the principal balance in the form of a CD, along with an established history of credit payments. This program appears geared to help members of the community with limited financial exposure prior to joining NMTW.
- Branch Location in Low- or Moderate-Income Census Tracts: Of the five branches, two are currently located in moderate income census tracts, both within the city of Lowell.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 87 Hale Street, Lowell MA 01851."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.